



# UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE  
United States Patent and Trademark Office  
Address: COMMISSIONER FOR PATENTS  
P.O. Box 1450  
Alexandria, Virginia 22313-1450  
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/841,661	04/24/2001	John Delta	09857-044001	6435
26161 7590 06/03/2009 FISH & RICHARDSON PC P.O. BOX 1022 MINNEAPOLIS, MN 55440-1022				
EXAMINER AKINTOLA, OLABODE				
ART UNIT 3691		PAPER NUMBER		
NOTIFICATION DATE 06/03/2009		DELIVERY MODE ELECTRONIC		

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

PATDOCTC@fr.com

1 RECORD OF ORAL HEARING  
2  
3 UNITED STATES PATENT AND TRADEMARK OFFICE  
4

5  
6 BEFORE THE BOARD OF PATENT APPEALS  
7 AND INTERFERENCES  
8

9  
10 Appeal 2009-000982  
11 Application 09/841,661  
12 Technology Center 3600  
13

14  
15 Oral Hearing Held: Thursday, May 14, 2009  
16  
17

18  
19 Before HUBERT LORIN, LINDA E. HORNER, and ANTON W.  
20 FETTING, Administrative Patent Judges  
21

22 ON BEHALF OF THE APPELLANTS:  
23

24 DENNIS MALONEY, ESQ.  
25 Fish & Richardson, PC  
26 P.O. Box 1022  
27 Minneapolis, MN 55440-1022  
28

29 The above-entitled matter came on for hearing on Thursday,  
30 May 14, 2009, commencing at 9:03 a.m., at the U.S. Patent and Trademark  
31 Office, 600 Dulany Street, Alexandria, Virginia, before Jan Jablonsky,  
32 Notary Public.  
33

34 P R O C E E D I N G S

35 JUDGE LORIN: Okay, Counsel, we're ready. We're familiar with the  
36 case. You may begin. You have 20 minutes.

1 MR. MALONEY: Okay. Thank you.

2 We have three basic issues to discuss this morning: a 112,  
3 indefiniteness; 101, statutory subject matter; and prior art rejection.

4 I'd like to discuss the indefinite rejection and the statutory subject  
5 matter first and -- take a couple of minutes on these.

6 It is our position that there is nothing indefinite about Claim 1 or  
7 Claims 1 through 19. In particular, the Examiner takes the position that we  
8 are claiming two different statutory classes, and that's the basis of the  
9 indefiniteness rejection.

10 I believe indefiniteness is predicated, number one, on whether or not a  
11 person with ordinary skill in the art would understand what is being claimed  
12 so that that such person could figure out whether or not they are infringing,  
13 and number two, the preamble of Claim 1 is clearly directed to a computer  
14 system that's executing something. It is not at all directed to a method or a  
15 process.

16 The fact that the word "process" is used in the claim -- for example, in  
17 the -- the element "a trade monitoring process," the phrase "trade monitoring  
18 process" is, in fact, a gerund phrase which acts as a noun, not a active step of  
19 monitoring.

20 So, if you, say, use a gerund form of the word "monitor," say  
21 "monitoring," it's not acting as a verb, it's acting as a noun, and therefore,  
22 you know, irrespective of what -- how we come out on the 101 statutory  
23 subject matter issue, there's clearly no indefinite -- indefiniteness in these  
24 claims.

1           With respect to statutory subject matter, we realized that the law has  
2     changed a little bit in this context, specifically with respect to Bilski, for  
3     example.

4           However, I believe that even under Bilski, Claim 1 is directed to  
5     statutory subject matter, because it's claiming a computer system  
6     that -- executing certain processes. Those processes, if you will, are  
7     analogous to sub-routines or -- or software modules.

8           The fact that the claim does not recite a processor and a  
9     memory -- those are conventional elements. These steps -- I'm sorry -- these  
10    elements nonetheless are tied to a specific machine, a particular machine,  
11    namely a computer system, that executes a particular type of process,  
12    something that filters trades on a electronic trading system.

13          JUDGE HORNER: Counselor?

14          MR. MALONEY: Yes.

15          JUDGE HORNER: So, your -- in your brief, you talk about what one  
16    of ordinary --

17          MR. MALONEY: Which brief?

18          JUDGE HORNER: In your -- in your appeal brief.

19          MR. MALONEY: My appeal brief. Okay.

20          JUDGE HORNER: You describe that the Appellants have claimed a  
21    computer system executing processes which one of skill in the computer arts  
22    would understand is a computer executing software routines to provide the  
23    recited functions for the claimed machine, i.e. the computer.

24          So, your interpretation of the word "system" is simply a computer, for  
25    example, that has a processor and memory, because "system" is used in the  
26    art pretty broadly to mean a lot of different things.

1 MR. MALONEY: What -- what would a computer system be other  
2 than something that has a processor and a memory?

3 JUDGE HORNER: Well --

4 MR. MALONEY: Every -- every -- every electronic device that's a  
5 digital control device has processor and memory of some sort.

6 JUDGE HORNER: Well, you could be claiming software here, just  
7 straight software.

8 MR. MALONEY: There is software, obviously, involved in a  
9 computer system. The computer system is executing these processes, which  
10 the way the claim was originally written was to probably satisfy a prior way  
11 that applicants tried to get computer-related inventions through the patent  
12 office, by trying to claim them as hardware, but it's a computer system. It's  
13 nothing more nor less than a computer system that's executing particular  
14 types of processes that are doing particular functions in the computer  
15 system.

16 JUDGE HORNER: Well, the word "system," though, is, I think,  
17 what's -- what's causing some concern. You're not claiming here -- the claim  
18 doesn't recite a computer with processor and a memory. It's claiming a  
19 system.

20 MR. MALONEY: Well, a computer system -- it's a -- it's claiming a  
21 computer system, and a computer system inherently has process and  
22 memory, and if you can show me a computer system that does not have  
23 processor and memory, then we may have a discussion, but even your simple  
24 Black Berries are computer systems. They're specific type of computer  
25 systems. They have some sort of processing device in there, and they have  
26 memory of some sort.

1 JUDGE HORNER: So, by "system," you're meaning a combination  
2 of hardware and software and other -- maybe other data or information. By  
3 using the word "system," instead of just claiming a computer, you're trying  
4 to get at a combination of both the hardware and the software? Am I  
5 understanding that correctly?

6 MR. MALONEY: Well, I'm -- I'm -- I'm claiming a piece of hardware  
7 is the computer system. You go out to the -- to Best Buy or Circuit City -- I  
8 guess Circuit City is no longer in business -- go out to Best Buy and you buy  
9 yourself a computer system --

10 JUDGE HORNER: Right. And --

11 MR. MALONEY: -- and you're going to put some software on that  
12 computer system, and that software is essentially what is those trade  
13 monitoring processes and the trade comparison process, and the piece of  
14 software that you're putting on is a trade filtering process --

15 JUDGE HORNER: Okay.

16 MR. MALONEY: -- and it has particular functions executing on a  
17 computer system.

18 JUDGE HORNER: So, your -- your system is a combination of  
19 hardware and the soft -- the specific software you've recited in these steps.

20 MR. MALONEY: The claim is a combination of hardware and  
21 software, that's correct.

22 JUDGE HORNER: Okay.

23 MR. MALONEY: Yes.

24 JUDGE HORNER: Okay.

25 MR. MALONEY: And so, my point is that, with respect to 112,  
26 second paragraph, there is no -- a person of ordinary skill in the computer

1 arts or in the financial arts or probably, indeed, a lay person would clearly  
2 understand that this is claiming a computer system, it's not claiming a  
3 method of operating a computer or anything else, and it would not see but  
4 one statutory class in Claim 1, and so, I don't believe there's any indefinite  
5 issue at all.

6 With respect to the statutory subject matter rejections, the Board -- the  
7 Examiner had a couple different bases upon which to reject that.

8 One was, again, relying upon a case called Ex Parte Lyell in which the  
9 applicant in that case tried to claim two different statutory classes by using  
10 the conjunctive word "and," and in that case, the Board held that a preamble  
11 directed to a workstand and a method for using the same recited two  
12 different classes had been mentioned and was not directed to statutory  
13 subject matter, and that, again, is not what we're claiming here.

14 We don't have two different statutory classes of subject matter in the  
15 preamble of Claim 1. We don't have the word "and" in the preamble of  
16 Claim 1, and so, clearly, that basis for holding Claim 1 directed to  
17 non-statutory subject matter is clearly in error.

18 We are not also claiming software per se, because we're claiming the  
19 software embodied on the computer system by being executed, nor are we  
20 directed to something other than a computer system, and we, therefore,  
21 under Bilski, have our claim tied to a computer system, albeit the computer  
22 system is not in the body of the claim which was the preferred way  
23 of -- which is the preferred way that the Patent Office views Bilski, but  
24 again, this case has been -- this case has been prosecuted for a number of  
25 years now, and I believe the -- the decision to go to appeal predates the  
26 decisions in Bilski, and -- but again, Bilski only requires that the claim be

1 tied to a -- a particular machine or apparatus, and we are tied to a  
2 particular -- we are tied to an apparatus, namely a computer system, and --

3 JUDGE HORNER: Is that a particular apparatus?

4 MR. MALONEY: Pardon me?

5 JUDGE HORNER: Is the computer system generally a particular  
6 apparatus, or what -- what are you pointing to as being the particular  
7 apparatus --

8 MR. MALONEY: -- a particular machine or apparatus.

9 So, I'm not reading the word "particular" -- first of all, I don't believe  
10 the word "particular" means anything. It's a bad choice of words. I don't  
11 think that you're going to -- I don't believe that the Federal Circuit would say  
12 that you have to have a new type of machine in order to make a claim  
13 directed to statutory subject matter, number one.

14 Number two, whether you consider a computer system a machine or  
15 an apparatus is, in my view, immaterial, because both of them are covered  
16 under 101, and both of them are -- are actually physical things, and much of  
17 what is claimed in Claim 1 are physical things, including shares of stock and  
18 the computer system itself.

19 So, the elements of this claim are tied to a computer system, albeit not  
20 the way the Patent Office likes to see the thing tied right now, but I don't  
21 believe that the Patent Office's insistence about putting "computer system" in  
22 the body of the claim is actually required by Bilski. That's my view of -- my  
23 reading of Bilski.

24 I'd like to, at this point, since I've gone through about half my time, I  
25 believe, turn to the prior art rejection, and I'm going to cover two claims,  
26 basically Claim 1 and Claim 20, and the reason why I'm going to cover just



1 two claims -- I actually think that some of the other dependent claims have  
2 additional features which further distinguish over the combination of  
3 references, but some of those features are actually embodied in Claim 20, so  
4 I -- I kind of cover both bases like that.

5 But we'll start with Claim 1 first. Claim -- Claim 1 is directed to this  
6 computer system that executes certain processes. The point of Claim 1 is  
7 basically to filter out trades of stock that occur after hours. After hours is  
8 not really shown -- not described in the claim. That's the problem that we're  
9 trying to solve.

10 I don't believe after-hours trading, per se, is necessary to distinguish  
11 this claim over the prior art, the reason why it's not there. I'm just saying  
12 that to give you a context of why this type of invention would be used after  
13 hours. So, if you know much about after-hours trading on an electronic  
14 exchange such as NASDAQ, trading can oftentimes be very thin, meaning  
15 that there's not a lot of buying and selling going on, and you can have price  
16 movements which -- which vary all over the place, and indeed, you could  
17 have trades which could be improper trades, and this is a way of -- of sorting  
18 out or removing these improper trades for -- for several purposes, one in  
19 which to consummate the trade, and the other one is to basically prevent  
20 reporting of these trades in a way that would unduly prejudice opening  
21 prices on the next day of regular trading.

22 So, we have, in Claim 1, three steps: the trade monitoring process, the  
23 trade comparison process, and a suspect trade filtering process.

24 The Examiner takes the position that -- that Vogel teaches the features  
25 of Claim 1 but does not specifically teach the last feature of Claim 1.

26 JUDGE HORNER: Can I interrupt you for one second?

1 MR. MALONEY: Sure.

2 JUDGE HORNER: On page 15 of your Appeal Brief, you went  
3 through the Graham factors, and you stated that the Examiner has not  
4 ascertained the differences between the prior art and the claims. Yet,  
5 you -- you just said that the Examiner found Vogel doesn't explicitly teach a  
6 suspect trade filtering process.

7 So, what -- what has the Examiner not done? I mean, I think the  
8 Examiner has met the requirement under Graham to identify the difference  
9 here between Vogel and the claim mentioned.

10 MR. MALONEY: So, what I say on page 15 is that the guidelines  
11 require the Examiner to determine the scope and content of the prior art, and  
12 it's not clear to me the Examiner has really done that. The Examiner has  
13 basically conducted a probably somewhat limited search and found two  
14 references that have -- that, to me, does not --

15 JUDGE HORNER: But what -- what --

16 MR. MALONEY: That does not entail the type of -- of determination  
17 of the scope and content of the prior art that would typically occur in the  
18 context of a litigation where both sides are producing prior art, and then the  
19 decider has before them all the prior art that can be used to show where a  
20 particular set of features might be suggested by the prior art and where these  
21 particular suggested -- particular set of features would actually be taught  
22 away from the prior art, so not only giving the person of ordinary skill in the  
23 art the benefit of the knowledge of people in the art but also the confusion  
24 that is engendered by having all this prior art before the decider.

25 The Examiner just basically took out two particular pieces of  
26 references. So, the Examiner ascertained, potentially, differences between

1 the Vogel reference and our claims but did not in any stretch of the  
2 imagination ascertain differences between the prior art and the claims.

3 So, for one piece of the reference, he may have done that.

4 JUDGE HORNER: Okay. But is that prior art reference, Vogel -- it's  
5 prior art, right? It's part of what's encompassed by the prior art.

6 MR. MALONEY: It's part of the prior art. It's not the prior art.

7 JUDGE HORNER: How do you define the prior art?

8 MR. MALONEY: Well, I believe that the prior -- the prior art are  
9 those things which would be necessary to -- for the Examiner to consider the  
10 likelihood that the subject matter of the claim is suggested by the prior art or  
11 not suggested by the prior art, my point being that when one looked and  
12 ascertained the scope and content of the prior art, one would find that there  
13 would be much prior art that would actually teach away from doing what's in  
14 Claim 1, because the person of ordinary skill in the art might be confused by  
15 all the different prior art, different ways of -- of tugging that person in  
16 particular directions. The Examiner has just chosen to point out -- find one  
17 particular reference and try to shoehorn that reference into discussion on our  
18 claims.

19 The reference itself does not even deal with the subject matter that is  
20 being claimed in this case, which is limited to, you know, electronic trading  
21 of stock.

22 JUDGE HORNER: You also -- you also state that the guidelines  
23 require the Examiner to consider objective evidence present in the  
24 application indicating obviousness or non-obviousness of the subject matter  
25 of the claims and the Examiner has not done this.

26 MR. MALONEY: Right.

1 JUDGE HORNER: What objective evidence is in the record that the  
2 examiner failed to consider?

3 MR. MALONEY: The Examiner failed to consider the fact that this is  
4 directed to a -- to a system for trading stock that's in the claim.

5 JUDGE HORNER: What objective evidence is in the record?

6 MR. MALONEY: I believe that's objective.

7 JUDGE HORNER: Are there declarations in the record that he didn't  
8 consider.

9 MR. MALONEY: No. No, there's no declarations in the record, my  
10 point being that the record included the fact that the invention is  
11 limited -- directed to and only limited to trading stocks, and the Examiner  
12 did not really consider that, because the Examiner is basically taking a  
13 reference that talks about internet shopping and tried to apply that to trading  
14 stocks on an exchange or a market, electronic trading of stocks on an  
15 exchange or market. That's the point I was trying to make there.

16 JUDGE HORNER: Okay.

17 MR. MALONEY: That's objective, because that was not -- that's not  
18 something that we're implying is in the spec. It's in the spec and it's in the  
19 claims.

20 So, the Examiner uses Vogel, and Vogel, as I said, is directed to an  
21 internet-based retailer, and specifically for generating a report for listing  
22 items sold during the day and the revenue generated by the sale, but it  
23 doesn't teach any of these features of Claim 1.

24 You know, again, it has some sort of filtering going on, but it's not  
25 filtering trades of securities. It talks about prices, but it's not monitoring for  
26 a -- a price of a trade that's beyond what is considered a -- a normal range of

1 prices for that particular security. In fact, they don't talk about range, and  
2 they don't talk about a price being higher, but secondly -- and there's also no  
3 known acceptable price for a specific stock described in Vogel.

4 But in particular, Claim 1 requires a suspect trade filtering process for  
5 preventing the processing of suspect trades.

6 Now, Vogel -- Vogel's system will not prevent the processing of the  
7 selling of the particular article on the retail system.

8 All Vogel will do is possible prevent that particular sale from being  
9 reported, because that has some sort of effect on how the retailer gets  
10 compensated, sales volume or what have you, and I think the Examiner  
11 understood that and relied upon Kirwin to -- to teach that particular feature,  
12 but all Kirwin really describes is a graphical user interface that has an option  
13 to prevent accidental entry of -- for a security with a size that's greater than  
14 what the person who is entering the security seeks.

15 So, first of all, the -- Kirwin, if you will, is directed to something that  
16 happens on a trader; it's not something that's actually occurring on the -- say,  
17 the -- the computer system that's going to be monitoring all these trades, on  
18 the exchange or in the market, number one.

19 But secondly, it doesn't even really do what's being claimed in Claim  
20 1. I think the Examiner, after we filed our appeal brief, recognized this, and  
21 then tried to characterize this latter feature of Claim 1 as an intended use.

22 Now, I'm not exactly sure how the -- this particular element of Claim  
23 1 can be considered an intended use.

24 First of all, there is no intention there. If you find a suspect trade, you  
25 prevent the processing of the suspect trade. It's pretty -- that's pretty  
26 straightforward.

1           Secondly, it is my view generally that intended use or field of use are  
2 really things that generally occur in the -- in the preamble of a claim, and it  
3 involves a claim element where the elements of the claim are old and  
4 something is in the preamble to maybe, quote/unquote, make -- make  
5 those -- the old combination of elements somehow new because it's being  
6 applied to a new use, and that particular use of that old set of elements is  
7 generally considered not to be sufficient to give it patentable subject  
8 matter -- I'm sorry -- allowable subject matter over prior art, but here we  
9 have a situation where, because the Examiner realized that the -- neither one  
10 of these two references is actually preventing the processing of -- of the  
11 trade, that -- that he is going to merely characterize that feature as an  
12 intended use and, therefore, choose not to ignore it -- choose to ignore it, and  
13 I don't believe that that is, in fact, correct on the law, and again, I believe that  
14 the combination of references don't suggest any of those features.

15           JUDGE LORIN: Okay, Counsel. Can you start wrapping things up?

16           MR. MALONEY: Okay.

17           So, we have -- the other claim is -- is Claim 20, and that claim has  
18 additional features that are not described by this combination of references,  
19 and in particular, the Examiner used Sposito for these particular features,  
20 and again, Sposito doesn't talk about the feature, for example, of adjusting  
21 the last known good price of a specific stock being traded to be equal to the  
22 trade price of the last non-suspect trade.

23           All Sposito was talking about is basically that something allows a  
24 stop-sell -- automatic stop-sell orders.

25           So, if you have a -- if you have an order in a computer system, there's  
26 usually a stop-loss order. You can have this thing adjusted by the system as

1 the stock price moves, typically, up, so you'd have the -- the stop-sell order  
2 price increased, but again, if you look at the specific language of Claim  
3 20 -- and we're again talking about prices, but it has nothing to do with  
4 what's actually being claimed in Claim 20.

5 So, I guess that's a little less than I wanted to say on Claim 20, but I  
6 realize I'm probably over my time now. If you have any other questions, I'd  
7 take them. Otherwise, I thank you very much for -- for hearing us out.

8 JUDGE LORIN: Okay. Thank you, Counsel. There are no questions  
9 from the bench.

10 For your information, I'm Judge Lorin. I'm the presiding judge. The  
11 panel also has Judges Horner and Fetting.

12 Okay, Counsel, thank you very much.

13 MR. MALONEY: Bye-bye.

14 JUDGE LORIN: We'll take your comments under advisement.

15 Thank you.

16 (Whereupon, at 9:26 a.m., the proceedings were concluded.)  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26